



Food & Beverage ISSUE ALLIANCE

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Docket No. EP 770 Urgent Issues in Freight Rail Service

The undersigned organizations, who are members of the Food and Beverage Issue Alliance (FBIA), are pleased to submit these comments to the Surface Transportation Board (STB) in response to the Board's Docket No. EP 770, "Urgent Issues in Freight Rail Service." FBIA represents over 40 allied U.S.-based food and beverage trade associations across the supply chain, from agricultural processors to packaged goods to retail. An efficient and reliable rail network is essential to our members' operations that feed the country.

Unfortunately, longstanding issues with rail service have recently deteriorated so badly that our members struggle to get their products on grocery shelves. As just one example, one corn refiner that supplies essential ingredients to the supply chain lost at least \$5 million in revenue to rail service issues in the first quarter of this year alone. On multiple occasions, agricultural processors and grain elevator operators have been forced to temporarily cease operation upon being told by their rail provider that there are no cars available.

Congestion at ports exacerbates rail issues. Many in the food industry are restructuring supply chains as shipments of ingredients from Asia take as long as four months. As a result, agricultural processors are often operating at full capacity. Temporary facility shutdowns caused by rail service problems send shockwaves through the food industry.

Secretary of Agriculture Vilsack articulated the threat rail issues pose to the food industry well in a recent letter to STB. [The American Farm Bureau Federation](#) has used U.S. Department of Agriculture (USDA) data to demonstrate the squeeze that railroads' failures have put on farmers and ranchers. In addition to the concerns expressed by these and other agricultural stakeholders, FBIA would highlight the following:

- Issues with switching in the first mile/last mile have forced our members to reduce production in key product lines and occasionally shut down, with subsequent effects down the supply chain requiring customers to shut down production.
- To compensate, members have tried to supplement transportation logistics with trucks where possible, adding additional costs and strain on a fractured truck market.
- Where trucking is not an option, members have added more cars to account for the slower turn times. This has created bunching of cars, increased dwell times, and demurrage at destinations.
- Precision scheduling, far from its intended result of increasing efficiency, has created total communication breakdowns. Facilities are not told when the daily switch will not happen as planned until a customer calls to report that a car did not arrive. There are no responses from railroads to these delays.
- Actual and threatened embargoes at customer destinations routinely hinder shipping cars.

To be clear, all of the above has occurred while railroads charge historically high fees.

FBIA appreciates that STB is currently considering regulatory options that may address some of the above, but more urgent action is needed. FBIA supports Secretary Vilsack's suggestion that STB obtain service improvement plans from each railroad and require weekly updates from them to ensure progress is made. Further, STB should consider what other tools it has at its disposal to increase competition and combat unfair business practices in the rail industry.

We appreciate the opportunity to provide comments on this critical issue.

Sincerely,

American Beverage Association

American Bakers Association

American Frozen Food Institute

Consumer Brands Association

Corn Refiners Association

Institute of Shortening and Edible Oils

Juice Products Association

National Confectioners Association

North American Millers Association

Peanut and Tree Nut Processors Association

SNAC International

The Association for Dressings & Sauces

U.S. Apple Association